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A Turn for the Better

A spirit of renewal at Air Jamaica, one of the Caribbean's largest airlines, has the airline on track for improved financial performance.

■ By Peter Berdy and Ed Bowman | *Ascend* Contributors

Travelers who call the headquarters of Air Jamaica are among the first to get an inkling of the new spirit at Air Jamaica. Greeting its customers with, "Welcome to the new Air Jamaica," the Kingston-based airline shows its commitment to becoming a top-notch carrier.

onus is clearly on the airline's management team to improve its financial performance.

Because Air Jamaica has a small management team responsible for overseeing the entire operation, the airline decided to bring in a team of technical experts to independently diagnose different aspects of the company to identify

was now tasked with examining the spectrum of commercial and operational areas to identify potential cost-saving and revenue-generating opportunities. After a diagnostic review, the consulting team discovered that changes in the airline's processes and procedures could reduce costs and increase revenues as well as

Photo courtesy of Air Jamaica



Unique customer amenities, such as hot meals and unlimited complimentary champagne, wine and beer on every flight, keeps with Air Jamaica's new spirit that has helped with the airline's positive financial turnaround.



The new attitude reflects a changed environment at Air Jamaica, which has embraced the spirit of a turnaround in its financial performance despite continuing obstacles such as rising fuel prices, stiff competition from U.S.-based major airlines and fickle consumers looking for the least-expensive vacation.

While the airline has been supported partly by the Jamaican government, which continues to own a stake in the company, the

ways to improve its financial performance.

"We wanted to identify practical cost savings and revenue generating opportunities across the company as the first step in putting together real, workable solutions that would have a payback that could show benefits quickly," said Keith Smith, vice president of information technology for Air Jamaica.

Smith, who led the initiative, said Air Jamaica selected Sabre Airline Solutions' technical consulting team, which had been used previously by the airline to develop a program to improve on-time performance. The team

add new elements the airline lacked such as tools and techniques to manage and measure performance.

"In the area of purchasing, we had procedures in place with vendors, but we were not following them," Smith said. "The (consulting) work revealed that by simply following our own guidelines, we could reduce and control our spending to produce strong savings in this area."

Sue Rosen, the airline's vice president of customer service, said the new procedures quickly generated results.



“By benchmarking our excess baggage and unaccompanied minor charges against the competition, we have now increased these fees, resulting in additional revenues to the airline,” she said. “Also, with the addition of new technology, we are able to monitor our collections on a daily basis. This enhancement makes sure we keep our eyes on the ball constantly. Giving immediate feedback to our front-line team is a great motivator when it comes to getting the job done.”

Many other operational and commercial areas identified as areas where performance could be improved:

from the tool and procedures we now use is to inform crews on changes in their schedule patterns.”

■ Maintenance — The airline experienced higher than usual technical problems resulting in flight delays during the peak summer season. “We identified a straightforward solution tied to spares support and proper adjustment of inventory levels to alleviate the problem,” said Capt. Lloyd Tai, senior vice president of technical services for Air Jamaica.

In heavy maintenance, the technical team realized the airline was performing certain maintenance tasks earlier than was recommended by the aircraft manufacturer. “The team introduced procedures to reduce maintenance costs by extending time between maintenance visits and improved the overall efficiency of the maintenance schedule,” Tai said.

■ Commercial — The team identified that revenue benefits could be realized through a combination of performance monitoring to identify where action should be taken in

areas such as pricing, and by putting in place new procedures to firm flights and control discount seat offerings.

“By working in partnership with travel agencies and creating structured sales incentives, as well as managing distribution channel costs, the airline will realize a combination of additional revenues and cost savings,” said John Lewis, Air Jamaica’s executive vice president and chief revenue officer.

The airline also enlisted the help of the consulting team to re-launch its frequent flyer program, 7th Heaven, to increase service as well as better monitor the program.

“The re-launch will enable us to expand 7th Heaven to better serve existing airline and non-airline participants, offering us the capability to extend promotions as well as manage and track success of the program,” said Mike Going, Air Jamaica’s senior vice president of marketing and sales. “We are excited that it will offer broader customer appeal and bring new membership.”

As a result of the consulting study, the airline identified substantial measurable benefits resulting from new revenues or cost savings that were identified during the project. To achieve these benefits, the airline plans to closely follow the recommendations that emerged from the consulting study.

“The airline is ramping up new procedures and following those already in place in commercial and operational areas,” said Chris Zacca, Air Jamaica’s chief executive officer. “Each department is aligned to deliver results. We expect to see these benefits fully attainable for the foreseeable future and are counting on their contribution to the bottom line.” **E**

Photo courtesy of Air Jamaica



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— Chris Zacca,
CEO, Air Jamaica

■ Crew planning — The team put in place improved crew scheduling practices designed to ensure optimum coverage of pilots and copilots while focusing on cost reduction. “We are now using the [Sabre®] AirCrews® [Crew Management Suite] optimization process for planning projects and crew pairing,” said David Banmiller, executive vice president and chief operating officer of Air Jamaica. “An additional benefit

Peter Berdy is a partner and Ed Bowman is a principal of management consulting for Sabre Airline Solutions Consulting. They can be contacted at peter.berdy@sabre.com and edward.bowman@sabre.com.

THE HIGH • LEVEL view

News Briefs from Around the Globe

Who

Lufthansa German Airlines

What

Began offering special corporate fares through Travelocity Business that give corporations competitively significant

discounts on fares for coach, business and first class flights.

Why

“Travelocity Business has an excellent understanding of the unique needs of corporations and their travelers,” said Mathias Friess, director of sales, North

America for Lufthansa. “Lufthansa is eager to welcome Travelocity Business customers onboard, where they can experience everything from all-business class, Executive Jet service to FlyNet — the first-ever, broadband Internet in flight.” **E**